

# Informed

## The Cost of Doing Business in Indiana



Personal Income Tax	3.4%
State Sales Tax	6%
Property Tax <ul style="list-style-type: none"> <li>Assessed at 100% of true cash value</li> <li>Average real property net rate is 2.15%</li> <li>Average business personal property net rate is 2.48%</li> </ul>	
Gasoline Fuel Tax*	\$.46 per gallon
Diesel Fuel Tax*	\$.64 per gallon
Unemployment Insurance <ul style="list-style-type: none"> <li>New employer rate</li> <li>Experienced employer average rate</li> <li>Taxable wage base</li> </ul>	2.7% 1.3% \$7,000
Workers' Compensation <ul style="list-style-type: none"> <li>Average rate for manufacturing is \$2.46 per \$100 of Indiana payroll</li> </ul>	

\*COMBINED LOCAL, STATE AND FEDERAL  
SOURCE: AMERICAN PETROLEUM INSTITUTE (MARCH 2007)

### Corporate Income Tax

In 2006, the Tax Foundation rated Indiana as having the 11<sup>th</sup> most business-friendly tax system in the U.S. The Indiana General Assembly recently revised Indiana's tax code to apportion corporate income tax based solely on sales. This change will be phased in over five years. All corporations doing business in Indiana, except S corporations and not-for-profit corporations, pay corporate adjusted gross income tax at a rate of 8.5 percent.

### Workers' Compensation

Indiana has the second lowest workers' compensation rates for manufacturing in the nation. Indiana also has the lowest industrial electricity costs in the Midwest.

#### Total State Business Taxes

Based on Net Taxable Income of \$1 million and 100 Employees (includes corporate income tax, workers' compensation and unemployment insurance)

Indiana	\$169,739
Illinois	\$267,448
Michigan	\$256,858
Ohio	N/A*
Kentucky	\$235,725
Pennsylvania	\$292,822
Massachusetts	\$268,336
Colorado	\$215,764
California	\$568,714
Florida	\$280,991
Missouri	\$256,097
Alabama	\$218,859
Arizona	\$163,733
Mississippi	\$167,060

SOURCE: U.S. DEPARTMENT OF LABOR,  
INDIANA MANUFACTURING ASSOCIATION (2006)

\*No private workers' compensation insurance; handled through state.

#### Average Price of Electricity of Industrial Sector Electricity (Cents/kWh)

U.S. Industrial average price per kilowatt hour is 5.73 cents.

Indiana	4.42
Illinois	4.61
Michigan	5.32
Ohio	5.10
Kentucky	3.60
Pennsylvania	6.29
Massachusetts	9.22
Colorado	5.74
California	9.55
Florida	6.46
Missouri	4.54
Alabama	4.52
Arizona	4.74
Mississippi	5.37

SOURCE: ENERGY INFORMATION ADMINISTRATION (2005)

#### Average Annual Wage Paid by Private Industry

U.S. average annual wage paid by private industry is \$40,505

Indiana	\$35,463
Illinois	\$43,852
Michigan	\$41,125
Ohio	\$36,830
Kentucky	\$33,736
Pennsylvania	\$39,264
Massachusetts	\$50,425
Colorado	\$41,593
California	\$45,684
Florida	36,096
Missouri	\$36,205
Alabama	\$34,009
Arizona	\$30,778
Mississippi	\$29,201

SOURCE: BUREAU OF LABOR STATISTICS (2005)

## Industry Performance

### Life Sciences

Indiana's life sciences industry directly employs more than 274,000 people, representing 9 percent of all jobs and 20 percent of the tax base in the state, according to the 2005 Indiana Health Industry Forum Critical Mass Report. Several Indiana life sciences companies lead that industry: WellPoint ranks third in health insurance, Eli Lilly and Company ranks fourth in pharmaceuticals and Zimmer is fifth in medical products and equipment (*Fortune Magazine*, Feb. 2006). The state's pharmaceutical sector ranks fifth in the United States in terms of sales and employment. Orthopedics is an \$8 billion industry in Indiana, with three Warsaw, Ind.-based companies — Biomet, DePuy and Zimmer — controlling 30 percent of the overall global market in orthopedic joint replacement. Indiana is home to ground-breaking research in such fields as bio-engineering/tissue engineering, genomics/proteomics, bio-informatics and nanotechnology.

### Information Technology

Central Indiana is home to more than 1,900 information technology firms, employing over 40,000 workers and producing \$7.4 billion in economic output.

#### Indiana's Top 10 High-Tech Occupations

Occupation	# of Workers 2004	Projected # of Workers 2014	% Growth	Average Wage
Computer Software Engineers, Applications	3,920	5,670	45%	\$65,549
Computer Systems Analysts	7,410	9,660	30%	\$59,976
Network Systems and Data	1,980	3,070	55%	\$56,212
Computer Software Engineers, Systems Software	2,620	3,800	45%	\$64,356
Network and Computer Systems Administrators	4,400	5,890	34%	\$50,170
Computer and Information System Managers	4,560	5,730	26%	\$73,068
Database Administrators	1,600	2,200	37%	\$50,345
Industrial Engineers	5,980	7,050	18%	\$61,530
Computer Support Specialists	7,800	9,180	18%	\$34,267
Civil Engineers	3,080	3,590	16%	\$57,152

SOURCE: INDIANA DEPARTMENT OF WORKFORCE DEVELOPMENT, HOOSIER HOT 50 JOBS DATA, NOVEMBER 2006

### Service Industries

The fastest growing sectors of the Indiana economy are education, health services and professional and technical services.

#### Service Industries

	2006 Average Annual Employment
Manufacturing	565,751
Health Care and Social Assistance	352,977
Retail	330,393
Educational Services	241,078
Accommodation and Food Services	239,098
Administrative and Waste Services	160,312
Construction	150,529
Transportation and Warehousing	130,635
Public Administration	128,218
Wholesale	123,302

SOURCE: BUREAU OF ECONOMIC ANALYSIS (BEA), 2005

### Manufacturing

Advanced manufacturing is a critical mainstay of Indiana's economy. More than 11,000 Indiana manufacturers employ over 700,000 workers.

#### Indiana Gross Domestic Product by Industry

Total Indiana GDP: \$238,568	\$ in Billions
Durable Goods Manufacturing	\$44.4
Government	\$23.2
Non-Durable Goods Manufacturing	\$22.8
Real Estate, Rental and Leasing	\$22.6
Health Care and Social Assistance	\$17.4
Retail Trade	\$15.2
Finance and Insurance	\$13.9
Wholesale Trade	\$12.8
Construction	\$10.5
Professional and Technical Services	\$9.1

SOURCE: BUREAU OF ECONOMIC ANALYSIS (BEA), 2005

## Industry Performance

### Motor Vehicles

Indiana's automotive industry is one of the nation's largest. Our state ranks third or higher in almost every segment of this industry. Indiana's automotive employment represents a significant component of national employment. Over the past decade, Indiana's employment in making motor vehicle parts has grown by 6 percent, compared with the national average of 1 percent. Decisions by Honda and Toyota in 2006 to build new assembly factories and expand production in Indiana illustrate the state's leading position in the motor vehicle industry.

#### Indiana's Share of U.S. Employment in the Auto Industry 2005

	Percentage
Motor Homes	52%
Travel Trailers and Campers	31%
Motor Vehicle and Air-conditioning	26%
Motor Vehicle Power Trains	25%
Vehicular Lighting	17%
Truck Trailers	17%
Other Electrical Equipment	15%
Motor Vehicle Suspension and Steering	14%
Motor Vehicle Bodies	9%
Brake Systems	8%
Auto Stamping	7%
Motor Vehicle and Light Trucks	5%

SOURCE: INDIANA BUSINESS RESEARCH CENTER, 2006

#### Value by Manufacturers per Employee National Ranking 2005

	Rank
Alumina and Aluminum Production / Processing	1st
Coating, Engraving, Heat Treating and Allied Activities	1st
Cut and Sew Apparel	1st
Household and Institutional Furniture / Kitchen Cabinets	1st
Medical Equipment and Supplies	1st
Resin, Synthetic Rubber and Artificial Synthetic Fibers / Filaments	1st
Dairy Products	2nd
Motor Vehicles	2nd
Animal Food	3rd
Basic Chemicals	3rd
Chemicals	3rd
Engine, Turbine and Power Transmission Equipment	3rd
Food	3rd
Miscellaneous	3rd
Ventilation, Heating and Commercial Refrigeration Equip.	3rd
Electric Lighting Equipment	4th
Fabricated Metal	4th
Hardware	4th
Reproducing Magnetic and Optical Media	4th
Cement and Concrete	5th
Machinery	5th

SOURCE: INDIANA BUSINESS RESEARCH CENTER, 2006

### Exports

Indiana's exports to the world have grown 47 percent since 2000, increasing from \$15.3 billion to \$22.6 billion, according to the International Trade Administration. Between 2005 and 2006, exports grew 5.3 percent.

#### Indiana Product Exports to the World 2006

A	Transportation Equipment	30.8%
B	Chemical Manufacturers	20.1%
C	Machinery Manufacturers	13.3%
D	Computers and Electronic Products	7.9%
E	Primary Metal Manufacturers	5.5%
F	Misc. Manufacturers	5.0%
G	All Others	17.4%

SOURCE: U.S. DEPARTMENT OF COMMERCE, INTERNATIONAL TRADE ADMINISTRATION

#### Indiana Export Destinations 2006 Total Exports to the World

A	Canada	43.5%
B	Rest of World	16.6%
C	Mexico	10.7%
D	United Kingdom	8.4%
E	France	6.0%
F	Japan	3.7%
G	Germany	3.2%
H	China	2.5%
I	Netherlands	2.0%
J	Australia	1.8%
K	South Korea	1.4%

SOURCE: U.S. DEPARTMENT OF COMMERCE, INTERNATIONAL TRADE ADMINISTRATION

## Quality of Life

Indiana's working environment is ranked 7<sup>th</sup> best in the nation, based on job opportunities, job quality and other factors (University of Massachusetts Amherst, 2005). Indianapolis is the third least expensive big city in the U.S. for business (KPMG LLP, 2006) and is the most affordable major housing market in the nation, according to the June 2007 Association of Home Builders/Wells Fargo Housing Opportunity Index.

<b>Population of Metropolitan Statistical Areas</b> <small>State Population: 6,313,520</small>	
Indianapolis	1,666,032
Gary	700,896
Fort Wayne	408,071
Evansville	350,356
South Bend	318,007
Elkhart	198,105
Lafayette	185,745
Bloomington	178,714
Terre Haute	168,217
Anderson	130,575
Muncie	114,879
Michigan City	110,479
Kokomo	100,877
Warsaw	76,541
Marion	69,825
<small>SOURCE: U.S. CENSUS BUREAU, 2006 ESTIMATES OF METROPOLITAN AND MICROPOLITAN STATISTICAL AREAS</small>	

<b>Median Home Prices</b>	
Indianapolis	\$302,433
Fort Wayne	\$259,213
Atlanta	\$282,918
Birmingham	\$243,945
Boston	\$518,363
Chicago	\$341,675
Cleveland	\$255,060
Denver	\$347,608
Grand Rapids	\$333,318
Little Rock	\$242,193
Los Angeles	\$834,172
Louisville	\$270,150
Miami	\$415,022
New York City	\$1,197,500
Philadelphia	\$448,158
<small>SOURCE: COUNCIL FOR COMMUNITY AND ECONOMIC RESEARCH / ACCRA</small>	

<b>Cost of Living Index</b> <small>U.S. Average = 100.0</small>	
Indianapolis	97.6
Fort Wayne	90.1
Boston	134.5
Chicago	109.8
Cleveland	97.8
Denver	103.4
Grand Rapids	108.1
Louisville	99.1
Philadelphia	125.6
Los Angeles	147.0
New York City	214.7
Atlanta	95.6
Birmingham	94.2
Miami	113.8
Little Rock	97.9
<small>SOURCE: COUNCIL FOR COMMUNITY AND ECONOMIC RESEARCH / ACCRA</small>	

## Universities

<b>2005-2006 Enrollment (Graduate and Undergraduate)</b>	
Indiana University - Bloomington	45,812
Purdue University - West Lafayette	43,911
Indiana University - Purdue University Indianapolis	40,804
Ball State University	24,359
Indiana State University	14,191
Vincennes University	13,952
University of Southern Indiana	11,957
University of Notre Dame	11,417
Butler University	4,384
University of Indianapolis	4,370
Valparaiso University	3,886
University of Evansville	2,765
DePauw University	2,397
Rose-Hulman Institute of Technology	1,834
<small>SOURCE: INDIANA COMMISSION FOR HIGHER EDUCATION; INDEPENDENT COLLEGES OF INDIANA</small>	

University programs in Indiana consistently rank among the nation's best. In 2006, *U.S. News & World Report* ranked Rose-Hulman Institute of Technology as having the best undergraduate engineering program in the country. Purdue University, the University of Notre Dame and Indiana University are also internationally renowned in areas as diverse as aviation, medicine and the arts.



**Indiana Economic  
Development Corporation**  
One North Capitol, Suite 700  
Indianapolis, Indiana 46204

Toll-free: 800.463.8081  
Tel: 317.232.8800  
Fax: 317.232.4146  
[www.iedc.in.gov](http://www.iedc.in.gov)